

**STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097**

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DIRECTOR

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IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

ISSUANCE OF A HANGAR AND FACILITIES LEASE  
HAWAII PACIFIC AVIATION, INC.  
KONA INTERNATIONAL AIRPORT AT KEAHOLE

HAWAII

REQUEST:

Issuance of a hangar and facilities lease to Hawaii Pacific Aviation, Inc. for the development, construction, operation, use and maintenance of a hangar facility for aircraft with offices, bathrooms and classrooms for training in aviation and aeronautics in connection with and on land located at the Kona International Airport at Keahole, Island of Hawaii, State of Hawaii.

APPLICANT / LESSEE:

HAWAII PACIFIC AVIATION, INC., a Hawaii corporation authorized to do business in the State of Hawaii, whose business and post office address is 73-310 U'u Street, Kailua-Kona, Hawaii 96740.

LEGAL REFERENCE:

Section 261-7 and Subsection 171-59(b), Hawaii Revised Statutes (HRS), as amended

LOCATION AND TAX MAP KEY:

Portion of Kona International Airport at Keahole, County of Hawaii, Island of Hawaii, identified by Tax Map Key: 3<sup>rd</sup> Division, 7-03-43 (portion) and shown on the attached map labeled Exhibit A.

AREAS:

Space Nos. 006-107 and 006-108, containing land areas of approximately 8,500 and 11,500 square feet, respectively, of improved, unpaved land as shown and delineated on the attached map labeled Exhibit B.

ZONING:

State Land Use District:	Urban
County of Hawaii:	Industrial (MG1a)

LAND TITLE STATUS:

Section 5(b) lands of the Hawaii Admissions Act: Ceded  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Development, construction, operation, use and maintenance of a hangar facility for aircraft with offices, bathrooms and classrooms for training in aviation and aeronautics in connection with and on the Airport.

TERM OF LEASE:

Fifteen (15) years

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date.

RENT PAYMENT COMMENCEMENT DATE:

For Space No. 006-107, the rental payment commences on the first day of the Lease commencement date.

For Space No. 006-108, the rental payment shall commence on the day Lessee physically occupies the Premises or one year from the first day of the Lease commencement date, whichever occurs sooner.

ANNUAL RENTAL:

For the first five (5) year period beginning on the rent commencement date, the rent shall be \$14,200.08 per annum based on a land rental rate of \$0.71 per sq. ft. per year.

For the second five (5) year period beginning on the first day of the sixth (6th) year of the lease term, the rent shall be \$16,330.08 per annum based on the product of the annual rent for the fifth (5th) year of the lease term and 115%.

For the final five (5) year period of the lease term, beginning on the first day of the eleventh (11th) year of the lease term, the annual rent shall be determined separately when due in accordance with Article VI (Reopening Rent) of the Lease, provided the annual rent for each year shall not be less than 115% of the annual rental for the last year of the immediately preceding five-year period.

PERFORMANCE BOND:

Sum equal to the annual land rental then in effect.

ACCEPTANCE OF PREMISES:

Lessee has examined and knows the condition of the Premises and takes the Premises in its existing form, content and state of condition without any representation by or on behalf of the State.

Lessee shall, at Lessee's sole cost and expense, prepare the ground surface of the demised Premises, construct, erect, and install structures, utility lines, and other improvements on the Premises for the purposes denoted in Article III (Use of Premises) of the Lease. The construction, erection and installation of the Leasehold Improvements must receive State's prior written approval.

PROPERTY CHARACTERISTICS:

Utilities:	All utilities are available at the site.
Improvements:	Space No. 006-107 is currently occupied by the Applicant/Lessee under State Revocable Permit No. 6164. Space No. 006-108 is currently vacant.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The Applicant/Lessee shall be responsible for compliance with Chapter 343, HRS, as amended.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Registered business name confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Good standing confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

REMARKS:

In accordance with Subsection 171-59(b), HRS, as amended, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation (DOT) proposes to issue a direct lease to Hawaii Pacific Aviation, Inc., for the development, construction, operation, use and maintenance of a hangar facility for aircraft with offices, bathrooms and classrooms for training in aviation and aeronautics at Kona International Airport at Keahole, Kailua-Kona, Island of Hawaii. The DOT has determined that the issuance of this direct lease encourages competition within the aeronautical and airport-related industries.

RECOMMENDATION:

That the Board authorize the Department of Transportation to issue a direct lease to Hawaii Pacific Aviation, Inc., subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,



GLENN M. OKIMOTO, Ph.D.  
Director of Transportation

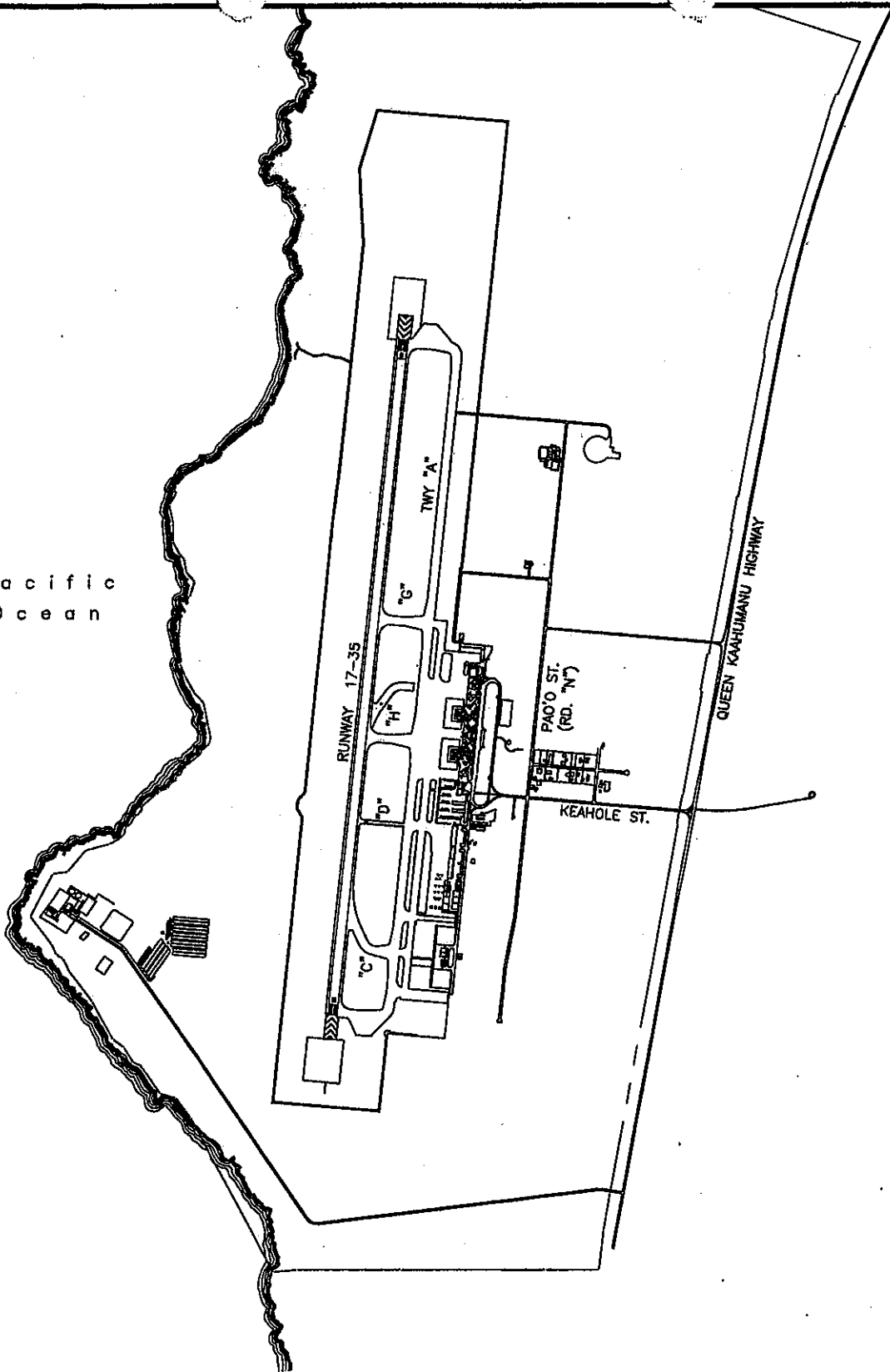
APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.  
Chairperson and Member



Pacific  
Ocean



SCALE: 1" = 2500'

DATE :

EXHIBIT: A



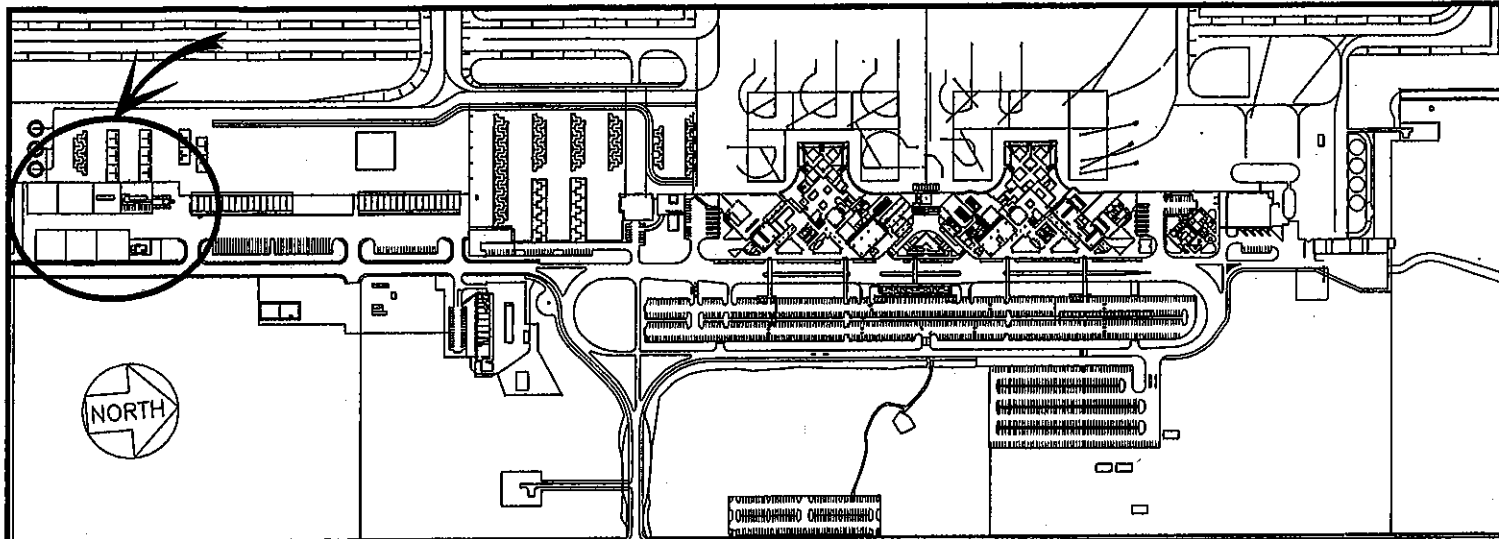
Airports Division

"AIRPORT"

PLAT 01

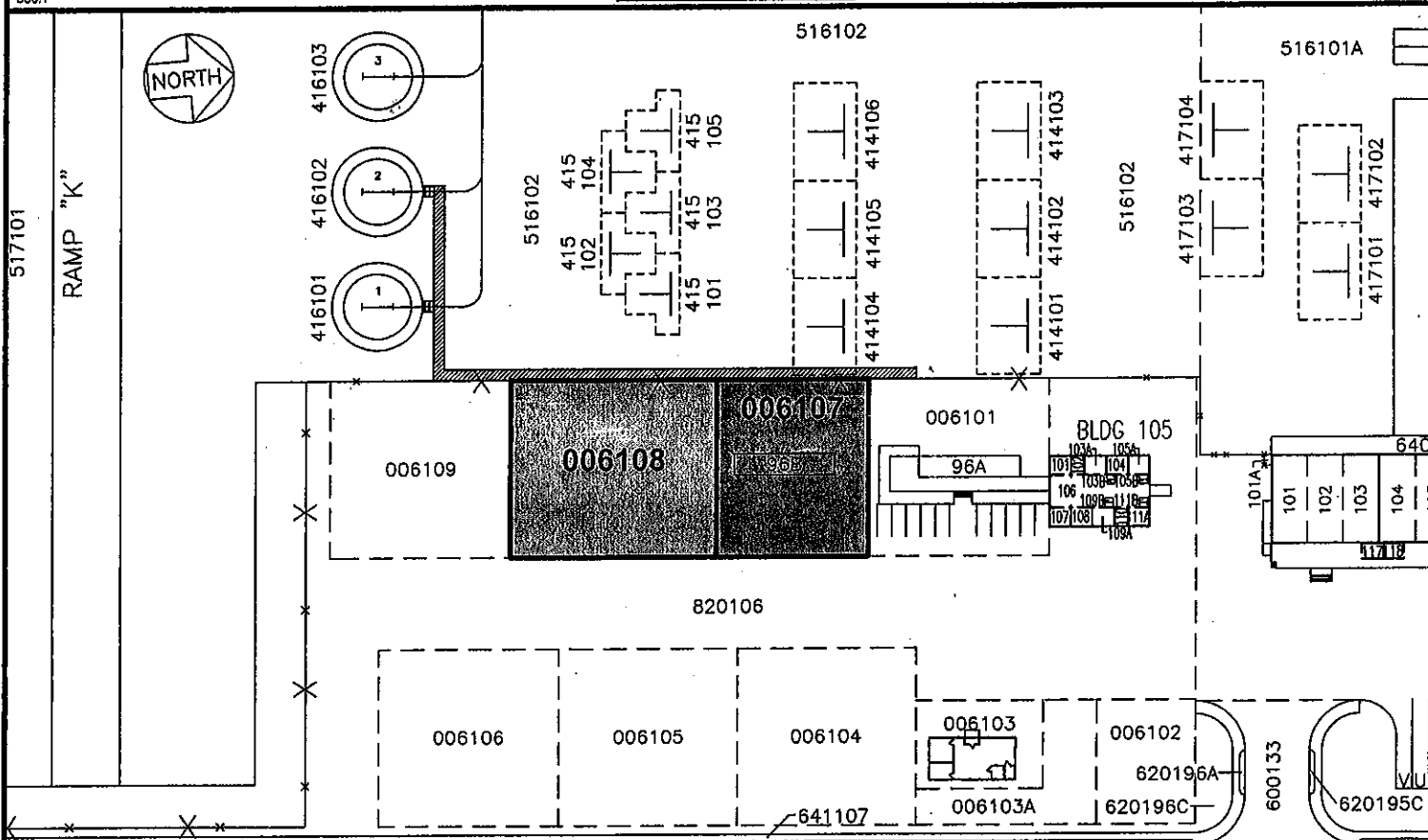
KONA INTERNATIONAL AIRPORT AT KEAHOLE

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# LOCATION PLAN

500:1



U'U STREET

SCALE: 1" = 100'

AREA/SPACE	SQ. FT.
006 107	8,500
006 108	11,500

DATE : OCTOBER 2010

EXHIBIT: **B**



Airports Division

HAWAII PACIFIC AVIATION, INC.  
dba  
MAUNA LOA HELICOPTERS

LOTS  
SOUTH RAMP AREA  
GROUND LEVEL

006107  
006108  
PLATS B1, 39

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## KONA INTERNATIONAL AIRPORT AT KEAHOLE